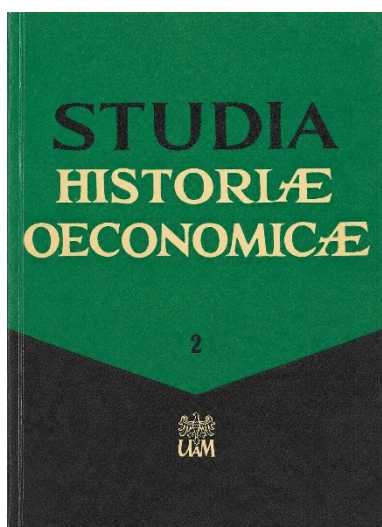




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THE BASIC TRENDS OF THE LABOUR MARKET AND WAGES IN POLAND IN THE YEARS OF INFLATION (1918—1923)

Immediately after World War I lack of employment became the primary problem of the living conditions of the Polish working class. A part of the factories were devastated, some were evacuated, and some did not resume production. As a result unemployment became the lot of the workmen. This, it must be remembered, was not the problem of individuals or some families, but it was a fundamental social problem. Unemployment affected an overwhelming majority of the working class of the former Kingdom of Poland as only 14% of the 1913 status of workmen were employed in the first half of 1919¹.

This does not mean that the remaining 86% of the factory proletariat of the Kingdom of Poland were unemployed. It must be recalled that a part of industrial workers was deported to Russia together with the factory plant as early as in 1914—1915, that, later the occupying German authorities deported workmen as slave labourers to Germany and that a proportion of men were still in the ranks of the armies of the powers who had participated in the partition of Poland. Thus at the moment when Poland regained her independence unemployment was lower than it would have been implied by a simple deduction of the number of those employed in 1918 from the number of workmen employed in 1913.

However, as early as December 1918 the number of persons looking for jobs started to increase rapidly. Workers deported in the war years to Russia and Germany started to return home, prisoners of war also returned and Poles who served in the disintegrating armies of Austria-Hungary and Germany were swarming in. Polish citizens who had

¹ The speech of the Minister of Labour and Social Welfare J. I w a n o w s k i of 17th July 1919, Short-hand report of the 71st session of the Sejm, p. 46; Z. D a s z y Ń s k a - G o l i Ń s k a, *Przyczynki do kwestii robotniczej w Polsce*, (*Contributions to the Problems of Working Class in Poland*), Warszawa 1921, p. 13.

lived in Russia before the October revolution and did not want to remain there were also coming back to their country².

All those returning people wanted to get a job. For employment in the town were looking not only the workers and officials, but also many representatives of the bankrupt bourgeoisie, land-owners and lower middle class and peasants who were uprooted from their traditional conditions of living by the war. Thus the number of those looking for jobs was increasing quickly and rapidly. At the beginning of 1918 the government expected that the number of unemployed would increase up to c. 1 million persons³.

In fact unemployment did not reach such targets in the first half of 1919. According to the information we have at our disposal it was lower, which is shown by means of table No. 1.

Table 1

Unemployed registered in State Labour Exchange and Repatriates' Welfare Offices in the first half of 1919

Month	Numbers of those registered	Decrease	Remained
January	143 193	—	143 193
February	120 329	774	262 748
March	88 198	28 984	321 962
April	50 731	26 010	346 683
May	37 673	31 450	352 906
June	17 936	52 513	318 329
Total	458 060	139 731	318 329

The source: Biuletyn Ministerstwa Pracy i Opieki Społecznej (The Bulletin of the Ministry of Labour and Social Welfare) 1919, No. 5, pp. 128—129.

When analysing the above presented figures we must remember that it is not complete even for the Kingdom of Poland. According to the estimates in our possession at the end of January 1919 in the Kingdom of Poland alone registration did not include c. 43% of the total

² The total number of those returning was estimated at 2,5 million. E. K. [J. Moraczewski], *Przewrót w Polsce. I. Rządy ludowe. Szkic wypadków z czasów wyzwolenia Polski do 16 stycznia 1919 r.* (*Revolution in Poland. I. Popular Government. Sketch of the Events of the Times of the Liberation of Poland to 16th January 1919*), Kraków 1919, pp. 47—48.

³ An appendix to the motion of the Minister of Labour and Social Welfare to the Council of Ministers concerning relief for the unemployed of December 9 1918. Archiwum Akt Nowych (subsequently referred to as AAN), protokoły Rady Ministrów (the minutes of the Council of Ministers — subsequently referred to as prot. RM), Vol. 4, pp.543—544.

number of unemployed⁴. When we introduce this correction the total number of unemployed in the Kingdom of Poland will oscillate within the number of 655 thousand. That was a very great number indeed if we take into consideration that industry at that time provided jobs only for 90 thousand workers⁵. And it must be pointed out that unemployment existed also in other parts of Poland, although it was not so big (in the former Austrian partition and in Poznań voivodeship). Only in Cieszyn Silesia it was becoming a serious problem⁶.

Mass unemployment was at the same time not only an economic problem, but political above all. People who could not get a job became quickly very radical and came in the orbit of communist influence. Thus the existence of unemployment was for the bourgeoisie a day to day potential threat and in a longer perspective a cause for fear of social revolution.

Numerous official documents are the evidence of the existence of such a threat. E.g. in a proclamation to the unemployed of January 27th, 1919 the Ministry of Labour and Social Welfare wrote:

"The government calls on you to stop violence and enforcements against factory owners. Those acts of violence (...) are to your own detriment (...). In such a situation any direct pressure of workmen against industrialists is inadmissible"⁷, and the Minister of Internal Affairs, N. Barlicki in a circular directed to government commissioners pertaining to the problems of workmen's terror of December 28th, 1918 stated that "In many factories of Lodz, Warsaw and other places, workers support their demands in a terrorist way, viz. imprison factory management, starve those imprisoned, occupy the offices, perform unauthorized sequestration of goods etc."⁸ That sort of threat still existed at the middle of 1919. At the Cabinet meeting of June 6th, 1919 the Minister of Industry and Commerce, K. Hącia said that, "the workmen's terror continues to exist"⁹. Hence, as I have pointed out above, the

⁴ Biuletyn Ministerstwa Pracy i Opieki Społecznej (The Bulletin of the Ministry of Labour and Social Welfare) 1919, No. 2, p. 4.

⁵ The Speech of Minister J. Iwanowski quoted above.

⁶ The motion of the Minister of Labour and Social Welfare to the Council of Ministers concerning finance for fighting unemployment in the former Austrian partition of Poland and in Cieszyn Silesia of March 12 1919, AAN, prot. RM, Vol. 5, p. 1101.

⁷ The Bulletin of the Ministry of Labour and Social Welfare 1919, No. 2, p. 6.

⁸ Monitor Polski 1919, No. 2 of January 3 1919. Cf. also a publication entitled: *Opisy gwałtów dokonanych przez tłumy robotników na pracownikach przemysłowych* (The Descriptions of Violence by Crowds of Workers on Industrial Employees). Dąbrowa Górnicza 1922.

⁹ The paper by the Minister of Industry and Commerce K. Hącia entitled:

question of fighting unemployment became from the very moment of the rise of the Polish state one of the central concerns of the government authorities¹⁰.

Possibilities of increasing employment by means of opening and reconstruction of factories were limited. Therefore it was necessary to find other solutions. One of the measures was the system of assistance to the unemployed and another a speedy development of public works. The government tried those two measures simultaneously. However, both financial and organization difficulties were a hindrance.

Money assistance payments to the unemployed were started in Warsaw as early as December 27th, 1918. Assistance was distributed among 75 thousand heads of families and single persons, which means that c. 25% of the inhabitants of Warsaw lived on government assistance¹¹. The pressure of unemployment in Warsaw was particularly strong and the activity of the unemployed particularly serious. This was reported to the Cabinet by the Minister of Labour and Social Welfare, J. Iwanowski, warning that "if those unemployed are not given employment at once, he cannot guarantee peace in Warsaw". That is why the assistance system was first introduced in the capital. Then in other centres a system of assistance by means of special local committees was introduced. In March 1919 unemployment assistance was paid to a total of 193 thousand persons (59% of all registered) and in April 244 thousand (c. 70% of all registered)¹². In May money assistance was superseded by assistance in kind, because landless peasants went to the towns in order to get money assistance there. It also happened that some groups of workers whose wages were very low, left their jobs, because it was more profitable to them to be paid assistance for unemployed than the low wages. But the system of assistance in kind also broke down and was suspended very soon. On November 4th, 1919 was passed "an interim statute on temporary assistance to unemployed", which was to bring uniformity and order into the assistance of the state to this group of population¹³. According to that statute the right to

W sprawie uruchomienia przemysłu (*On the Problem of Putting the Industry into Operation*). AAN, prot. RM, Vol. 6, p. 635.

¹⁰ J. Drecki, Bezrobocie w Polsce niepodległej (*Unemployment in Independent Poland*). In the Publication: Bilans gospodarczy Dziesięciolecia Polski Odrodzonej. T. 2 (*An Economic Balance Estimate of the Ten Years of Restituted Poland*, Vol. II). Poznań 1929, p. 373.

¹¹ AAN, prot. RM of March 20 1919, Vol. 5, p. 1053.

¹² The Bulletin of the Ministry of Labour and Social Welfare 1919 No. 3, p. 127.

¹³ The Official Gazette of the Republic of Poland (subsequently referred to as DURP) 1919, No. 89, entry 483 and the Regulation of the Minister of Labour and Social Welfare concerning relief for unemployed of January 1920. DURP 1920, No. 3, entry 13.

obtain assistance was limited only to those registered unemployed who were out of work for more than a fortnight and the assistance could be drawn only for 13 weeks in a year. The assistance could be paid either in money or in kind. However, as early as in December 1919 assistance in the form of money was made generally binding. In the situation of the growing inflation, money was losing value and thus also was losing significance as assistance program. Payment of assistance money was finally suspended in May 1920, because the number of unemployed started to dwindle. This was also connected with the depreciation of the assistance money and with decrease of those entitled to a continued assistance (the 13 weeks' limit for the payment of assistance money lapsed for most unemployed)¹⁴.

In accordance with the policies of the government, the assistance for the unemployed was treated as a temporary measure. Much more hope was involved in the public works development. Those works were expected to be organized by local authorities on the basis of government funds. But the state did not have sufficient financial resources for this purpose. That is why in winter 1919 public works did not play practically any role in the program.

It was only when class struggle started sharply to increase, since April 1919, that the Ministry of Public Works (set up on January 16th, 1919) organized large scale public works. The question of employment for the workers was becoming more and more urgent as the political situation in the country was characterized by a steadily increasing tension. The Minister of the Interior, S. Wojciechowski wrote about it in his private letter to Prime Minister I. Paderewski, "If we fail to put a part of the industry into operation till this autumn, no minister of the interior will be able to maintain peace in the country"¹⁵.

As it was impossible to put factories speedily into operation, a strenuous effort was made to employ 93 thousand unemployed in public works. This was however a short term effort. As early as in July 23 thousand persons were sacked. This was a result both of lack of money in the treasury and of an attempt at reorganization of works and at placing the wages on piece-rate basis instead of that of daily pay¹⁶. In August and September there were more redundancies. Only 53% of those employed in June were still at work in October.

When late autumn and winter came public works were nearly completely stopped. They were revived on a small scale again in the spring

¹⁴ AAN, prot. RM, Vol. 4, pp. 543—544.

¹⁵ AAN, Ignacy Paderewski Papers Vol. 518, p. 26.

¹⁶ Cf. short-hand report of the session of the Sejm of July 11 and 17 1919 and October 28 1919.

of 1920. In March 16 thousand workers were employed that way i.e. only 8% of the total of registered unemployed¹⁷. More or less the same level of employment was maintained all that year¹⁸. Thus the project, according to which 220 thousand persons were expected to be employed on the public works basis, failed¹⁹.

In general public works were limited to work absorbing excavation works which did not involve much material investment (road construction, river regulation, building of railway tracks etc.) and to regions of particularly high unemployment rate. In many cases socially unnecessary or technically inadequately prepared and organized projects were started. This situation was a result of the fact that the aim of public works was loosening political tension and not any definite productive activity²⁰. No one made any secret that the public works had such a character. The Minister of Labour and Social Welfare Iwanowski referred to it without any circumlocutions in the following way in the Sejm: "The organization (public works, Z. L.) has shown some deficiencies (...), but its main objective, giving assistance to the hungry masses and saving them from starvation, that of preventing them from committing acts of despair and violence, was attained"²¹.

Having this objective in mind, the Council of Ministers accepted in April 1919 the technically unprepared bill concerning the construction of inland waterways and earmarked for its implementation 50 million mp²², and the Sejm passed three Acts concerning the beginning of the construction of railway lines, motivating it in the following way "in order to employ the unemployed in excavation works"²³. On July 9th an Act was passed "on the construction of navigable canals and regula-

¹⁷ The speech of Śliwiński M. P. of March 26 1920. Short-hand report of the 136 session of the Sejm p. 54.

¹⁸ Cf.: *Miesięcznik Pracy* (Labour Monthly) 1921, No. 1, p. 12; *Miesięcznik Statystyczny* (Statistical Monthly), Vol. I, No. 4—6, part II, pp. 165—166 and subsequent volumes.

¹⁹ The speech of the Minister of Labour and Social Welfare J. Iwanowski during a meeting of the Council of Ministers of July 11 1919. AAN, prot. RM, Vol. 7, p. 72.

²⁰ Cf. e. g. AAN, prot. RM of March 20 1919, Vol. 5, p. 1053, 1073—1074 or the speech of the Minister of Works, Pruchnik, of March 29 1919. Short-hand report of the 21st session of the Sejm pp. 33—44.

²¹ The speech of July 17 1919. Short-hand reports of the 71st session of the Sejm.

²² AAN, prot. RM, Vol. 6, p. 80.

²³ *Dziennik Praw Państwa Polskiego*, (The Gazette of the Laws of the Polish State), No. 32, entries 266—268.

tion of navigable rivers". The motivation was again "in order to provide the unemployed population with employment"²⁴.

An effort was made to make emigration for work easy. Under these auspices were started the negotiations with the French government the objective of which was an emigration agreement as a result of which as soon as at the end of 1919 workers were sent to France. During 1920 15 thousand persons emigrated to that country²⁵.

All the above described measures, however, failed to bring a solution to the problem of unemployment. The first important factor which made the speedy curbing of this malady possible was the reconstruction of the Polish army. As a result of putting the army on the level of war preparedness and the mobilization of more than 900 thousand men the situation of the labour market was radically improved. The influence of the mobilization was far more reaching than the mere resumption of work and reconstruction of closed factories and the organization of public works and emigration. It can be affirmed that were it not for the conscription to the army, unemployment in Poland would not have been so speedily and radically limited, which as a consequence would have to cause a further increase of the tension of revolutionary struggle in the country. It must be recalled that the Polish army comprised 195 thousand officers and men in November 1918 and in October 1919 the number was already 593 thousand and a year later as much as 909 thousand²⁶. There was a strict correlation between the number of unemployed and the size of the army. As long as the army was only slowly growing in size (November 1918 — March 1919) unemployment was increasing rapidly. As soon as the number of the armed forces began to be increased, there was a rapid decline of unemployment. Table No. 2 presents the detailed data of the changing trends in unemployment.

After the Polish-Soviet war came to an end, owing to an industrial boom, in spite of the demobilization started in November 1920, unemployment in the first half of 1921 increased as compared to 1920 only in a moderate rate²⁷. Its great increase in the winter of 1921 and in the

²⁴ The Gazette of the Laws of the Polish State 1919, No. 59, entry 356.

²⁵ J. Drecki, *Unemployment...*, p. 374.

²⁶ *Sprawozdanie Administracji Wojskowej i uzasadnienie budżetu Ministerstwa Spraw Wojskowych na rok 1921, załącznik III.* (The Report of the Military Administration and the Justification of the Ministry of Military Affairs Budget for 1921, appendix III).

²⁷ This problem is dealt with in details by e. g. *Sprawozdanie z działalności Ministerstwa Pracy i Opieki Społecznej w r. 1921.* (The Report of the Ministry of Labour and Social Welfare in 1921). *Praca i Opieka Społeczna* (Labour and Social Welfare) 1922, No. 2, pp. 149—153.

Table 2

Approximate general number of unemployed
(in thousands)

Date	1919	1920	1921	1922	1923
	The former Russian and Austrian provinces (without Eastern Galicia and Silesia)			The whole country	
1 I		207	74	218	75
1 II		145	90	221	81
1 III		127	81	206	107
1 IV		91	88	170	115
1 V		74	130	149	113
1 VI		65	115	129	94
1 VII	318	44	96	98	76
1 VIII	281	84	65	85	65
1 IX	237	65	70	69	57
1 X	274	44	78	63	52
1 XI	239	40	120	61	55
1 XII	226	51	173	62	61

The source: J. Drecki: *Bezrobocie w Polsce niepodległej* (Unemployment in Independent Poland). In a publication by many authors: (The Economic Balance Estimate of ten years of Restituted Poland). Vol. II Poznań 1929, p. 379.

spring of 1922 was in an equal measure a result of unsuccessful attempt at stabilizing the Polish mark on the one hand and of a reduction in government military orders for the industry on the other hand. The new wave of inflation in the summer of 1922 and its transformation into a hyperinflation in 1923 contributed to making the labour market easier.

In connection with the increase of unemployment at the turn of 1921 and 1922 the "Committees for fighting unemployment" were organized again in regions where the number of unemployed was most considerable. The organization of public works was one of the tasks of the Committees, but these works were not organized on a larger scale. When unemployment started to increase again in February 1923, the public works thus organized could not solve the problem. It was only when under the influence of the political activity of the unemployed that the Ministry of Labour and Social Welfare started an action of providing the unemployed and their families with food, appealing at the same time to the representatives of the trade unions "to mitigate the mass of the workers and to oppose the action of the communists who want to exploit the transitory unemployment for political purposes"²⁸.

²⁸ Odezwa ministra pracy i opieki społecznej L. Darowskiego do bezro-

Fear of the radical trends among the unemployed was during the discussed period the principal cause which forced and incited the government to an active interest in this problem. In proportion to the increase of the political struggle in the country, the interest of the government in alleviating the problem of unemployment was also increasing. This was one of the decisive reasons why the question of unemployment was solved in a considerable degree and the destructive effect of many people being out of work greatly limited.

The problem of wages was another economic trouble of wage earners. It must be, however, stated from the very start that the investigation of the problems of wages is made extremely difficult because of a lack of statistical materials or even descriptive ones.

We have only some sectional data for the period before 1920 and they are not very representative. The possibility of generalizing them is still more limited, because the structure and the dynamics of wages differed from one part of Poland to another. Thus, changes taking place in one region did not correspond to the changes in other regions or even in other cities or towns of the same part of the country. When, e.g. in Warsaw in January 1921 the daily cost of living was 330 mp, at the same time in Poznań it was only 102 mp, and in Inowrocław as little as 81 mp.²⁹ It is obvious that in such a situation it is difficult to draw any general conclusions based on the data for one city only. The materials for the subsequent years are far richer, but the use of them is made additionally difficult owing to by a stronger tension of inflational processes. It is obvious that minimum wages for each year cannot be compared in such a situation.

In the period under discussion nominal wages continually increased. In some periods the increase was more considerable and in some weaker, but it was going on without a break. The speed of the changes depended both on the tempo of the inflation and on the respective tension in the class struggle. Table No. 3 provides information concerning the dynamics of the increase of the wages³⁰.

Particularly rapid changes in nominal wages took place under the influence of hyperinflation in 1923. As an example the wages of a weaver which had been in January 4300 mp. increased to 2.8 million mp.

botnych z dn. 27 II 1923. (The appeal of the Minister of Labour and Social Welfare L. Darowski to the unemployed of February 27 1923). *Monitor Polski* 1923, No. 47.

²⁹ E. Taylor, *Inflacja polska (Polish Inflation)*, Poznań 1926, p. 236.

³⁰ It must be recalled that the nominal wages index was estimated according to the wages stipulated by collective bargaining agreements and not according to actual wages.

Table 3

The nominal wages increase index in the years 1914—1923

Period	Workmen		Office and trade employees	
	Increase as compared to the first half of 1914	Increase as compared to the preceding half year period in %	Increase as compared to the first half of 1914	Increase as compared to the preceding half year period in %
1914 I half	100	—	100	—
1918 II half	261	64	272	61
1919 I half	524	101	381	40
II half	731	40	532	40
1920 I half	1 937	165	1 553	192
II half	5 540	186	4 062	162
1921 I half	15 942	188	10 401	156
II half	40 567	154	28 331	172
1922 I half	54 700	144	.	.
II half	118 200	216	.	.
1923 I half	691 400	585	.	.

The source: T. Szturm de Sztrem: *Walka o prace zarobkowe* (The Struggle for Wages. Warszawa 1922, p. 7—8); T. Szturm de Sztrem: *Place zarobkowe w okresie dewaluacji pieniężnej* (Wages in the Period) of Monetary Devaluation. Warszawa 1924, p. 10.

in December. Similarly a worker earning 3.3 thousand mp. in January was paid as much as 2.2 million mp. in December³¹.

We can draw some conclusions from the data here presented, in spite of the fact that they still do not furnish any information concerning the real value of the workers' wages. Namely, it can be concluded from table 3 that the tempo of the increase of nominal wages of the workers was faster than that of office and trade employees. There were two different reasons behind it. One was the much more powerful struggle of industrial proletariat in defence of their wages. The other was the strong tendency during the inflation period to make wages and salaries more or less equal. As the wages of workers were comparatively lower in 1914 than the salaries of the officials, the levels were approaching as a result of a smaller increase of the nominal wages of the latter group of employees. Both those tendencies influenced the situation to a disadvantage of white collar workers.

For an estimate of the conditions of the working masses, however,

³¹ Sprawozdanie Zarządu Związku Przemysłu Włókienniczego w Państwie Polskim z działalności w roku 1923 (The Report of the Board of the Association of Textile Industry in the Polish State Concerning its Activity in 1923), Łódź 1924, p. 20.

it is not the nominal wages increase, but their purchase value that has a fundamental significance. We can learn what it was like by comparing the tempo of the increase of the costs of living with the corresponding estimate of the nominal wage increase index. In case when the index of the costs of living grows faster than the corresponding index of the nominal wages' increase the purchase value of wages decreases. In an opposite situation the real wages increase.

In the period under discussion these tendencies were not uniform. In the years 1918—21 there was a clear increase of real wages in all the parts of the country. In the Kingdom of Poland, however, this increase started from a very low level to which wages had been reduced as a result of the war and occupation by Germany and Austria. In the second half of 1918 employees in Warsaw were paid in comparison with the prices of food only 17% of the real wages of the first half of 1914. When the costs of living as a whole are taken into consideration, i.e. not only the prices of food, but rents, fuel, lighting, and industrial goods, wages of employees constituted at that time less than 40% of the wages of 1914³². The real value of workmen's wages increased in the second half of 1921, if we take into consideration the prices of 5 food-stuffs. It increased to 52,3% of the 1914 level and the salaries of the white collar workers increased to 36,5%. Thus we can observe here that the value of the real wages of workers increased three times and that of officials and trade employees twice. Nevertheless, the level of wages in both cases when compared to the prices of food, was lower than before war.

It must be pointed out, however, that the fact that the investigation was based solely on the prices of food, caused a lower than actual estimate of the level of real wages. The prices of food went up most quickly. As the prices of industrial consumer goods, rent and fuel increased in the years 1918—1921 more slowly than the prices of food, taking into consideration also that sort of expenditure would enable us to correct our data in a favourable way. When all these factors are considered, according to the estimates of S. Rychliński, the average individual wages of workers in 1921 comprised 98% of those of 1914³³. According to the opinion expressed by E. Taylor the real wages in the Kingdom of Poland were in a part of 1921 higher than before the war and in Poznań voivodeship they were above the pre-war level as early as in 1919 and

³² S. Rychliński, *Plące i zarobki robotników przemysłowych w dziesięcioleciu 1918—1928 (Wages and Incomes of Industrial Workers in the Years 1918—1928)*, Warszawa 1929, p. 8.

³³ Ibid.

1920³⁴. According to the estimates of J. Ettinger they reached in 1921 only 60,40%³⁵.

A detailed analysis shows that in many vocations the wages of 1921 were above the level of 1914 (e.g. in printing industry and in tanning industry) and in other industries were actually on a lower level. Textile industry wages were the lowest. Even if we take into consideration the data supplied by Rychliński, or Taylor's suppositions, we must still point out that the general volume of real wages of the working masses was lower in Poland in 1921 than before the war. This was caused by a serious decrease of the number of people employed in industry.

The investigations of the formation of real wages confirm the previously expressed opinion that wages underwent a process of levelling in the 1918—21 period. Highly skilled workers who were comparatively well paid before the war, earned relatively less than workers who had no qualifications at the end of 1921. As an example a weaver was getting in that year only 55% of his real wages of 1914, whereas a worker employed at the yard of a textile factory earned 74% and a woman sweeper also working in that industry as much as 93%. Similarly in metallurgic industry an artisan was paid 75% of his wages of 1914 and a yard worker 118%. In tanning industry a tanner got 85% and a yard worker 119%³⁶. The same tendencies were characteristic of officials' salaries. The salary of an under-secretary of state fell by c. 85% whereas that of a clerk only by 43%³⁷. The difference between the salaries of officials' and workers' wages also diminished. The comparative figures for the wages of workers of different kinds of industries also changed. For instance: before the war the wages of a metallurgic worker could be referred to in the relative figures of 100 to 87 and to that of a building artisan in the relative figures of 100 to 81 and in 1921 the proportions presented above turned upside down and they were respectively 100:186 and 100:144³⁸. The system of allowances in kind certainly also played some role in the process of the levelling of wages, as they constituted often a part of the wages. Payment in kind could

³⁴ E. Taylor, *Polish Inflation*, p. 266.

³⁵ J. Ettinger, *Wskaźnik stawek płac w Polsce w latach 1914—1921 oraz 1921—1923 (The Index of Wages' Rates in Poland in the Years 1914—1921 and in the Years 1921—1923)*, *Statystyka Pracy* 1930, p. 8.

³⁶ J. Dąbrowska, *Niwelacja płac robotniczych (The Levelling of Workers' Wages)*, *Statystyka Pracy* 1922, Nrs 4—5, pp. 125—129.

³⁷ W. Fabierkiewicz, *Polska w liczbach (Poland in Figures)*, Warszawa 1924, p. 74.

³⁸ S. Kruszewski, M. Zdziarski, *Życie robotnicze w Polsce 1913—1921 (Workers' Life in Poland 1913—1921)*, Warszawa 1923, p. 27.

be less differentiated than money wages in accordance to the qualifications and efficiency or output of particular employees.

The rise of real wages in the years 1918—21 was caused by many factors. The main cause was the increase of the strength of the working class which struggled successfully for its economic interests. The bourgeoisie and the government, fearing a further radicalization of the proletariat, were inclined to give way to some extent, also as far as wages were concerned. In many cases, as a result of a situation in which many factories were directly or indirectly financed by the government, the rise of the real wages of workers and officials was a burden to the state and had no influence upon profits of the works in question and the profits of private owners. What is also very important, even when the level of real wages was rising, their share in the price of the product continued to be much lower than before the war. If we adopt the share of wages in the value of manufactured goods in 1914 as 100, we shall have to note that in the fourth quarter of 1921 it comprised only 68—83%. In the years 1922 and 1923 it was falling rapidly and in June 1923 it was as low as 54,2%³⁹. In such a situation it was more profitable to the employer to agree to some rise in real wages rather than to cause a strike and a fall in output. In conditions of boom and high profits it was in the interest of the manufacturers to develop production even in a situation of rising real wages.

The decline of revolutionary activity and a strong increase of inflation in the years 1922—23 changed the trends of real wages radically. They started to fall rapidly. Thus, under the influence of increasing inflation a shift in the distribution of the national income was taking place from the working masses towards the bourgeoisie and the state. The tempo and the directions of the changes then taking place are illustrated by table No. 4.

The fall of real wages in the years 1922—23 was very serious. As compared to the first half of 1921, when the highest peak of individual real wages was reached, the wages index fell by 41 points at the end of 1923 (i.e. nearly by half). In the second half of 1923 the individual workers' wages were only 17% higher than the starvation level of 1918. Salaries of state officials also decreased very much. The negative results of the decrease of wages for the general volume of the incomes of the working class were still increased, because of the fact that the sharpest fall was characteristic of industries with biggest employment figures (textile industry, metallurgic industry). Wages in some branches of smaller weight were somewhat higher. The continued fall of wages

³⁹ T. Szturm de Sztrem, *Płace zarobkowe w okresie dewaluacji pieniężnej* (*Wages in the Period of Monetary Devaluation*). Warszawa 1924, p. 23.

Table 4

Real wages indices in the years 1921–1923
(1914=100)

Professional group	1921		1922		1923		1924 as compared to 1921
	I half	II half	I half	II half	I half	II half	
General index	98	81	85	76	71	57	
Skilled workers:							
Building industry (masons)	82		84		73		89
Metallurgic industry (artisans)	74		71		53		72
Textile industry (women weavers)	66		50		48		73
„ (women spinners)	91		56		53		58
Printing industry	113		133		119		103
Tanning industry	110		106		93		85
Bakeries	97		97		83		86
Breweries	90		100		94		104
Unskilled workers							
Metallurgic industry (journeymen)	100		89		66		66
„ „ (unskilled workers)	116		104		75		65
Textile industry	98		60		54		55
Tanning industry	94		100		88		94
Bakeries (journeymen)	110		101		81		74
Breweries	105		80		70		67

The source: J. Derengowski, *Place w Polsce w latach 1918–1928*. W zbiorze: *Bilans gospodarczy dziesięciolecia Polski Odrodzonej*, t. II. (*Wages in Poland in the years 1918–1928*. Published in the *Economic Balance Estimate of Ten Years of Restituted Poland*, vol. II). Poznań 1929, p. 354; S. Rychliński, *Place i zarobki robotników przemysłowych w dziesięcioleciu 1918–1928* (*Wages and Incomes of Industrial Workers in the years 1918–1928*). Warszawa 1929, p. 10.

made the process of levelling wages, which had existed already before, even more acute. To make the presentation of these problems complete one must remember that alongside with the fall of the purchasing power of individual incomes the number of employees was rising. That is why the total incomes of working people decreased more slowly than their individual wages. They even increased a little in 1922 as compared to 1921. But in 1923 even they fell sharply what was one of the reasons of a powerful increase of the struggle of the proletariat in the autumn of 1923.

The falling trend of wages index continued to exist, in spite of the introduction into the collective bargaining agreements of a principle of regulating nominal wages according to the so called moving wages scale, consisting in an adaptation of nominal wages to the changes that were taking place in the costs of living of the region in question. The changes in the costs of living were estimated by special committees. As, however, the findings of those committees could not help to be confined to past periods, the estimates thus arrived at could not fully

secure the real value of the wages, which were currently paid. This discrepancy of time in conditions of growing inflation had to produce a situation in which nominal wages rose more slowly than prices. "The application of price increase index which was estimated once a fortnight, when wages were paid did not help much. When prices rose from day to day, the wages of a worker melted away if they were not spent at once. It must be also pointed out that the greatest rises of prices took place on the 1st and the 15th of each month, which caused a depreciation of wages. That was a terrible vicious circle, a real abyss of workmen's misery from which the working population did not see any exit"⁴⁰.

Another factor working against the employee was the progressive taxation system then adopted. As the nominal wages were rising to make good for the rises of prices, workers paid a heavier tax as a result. Thus the state provided itself with a source of income in the way of a special inflation tax. Of course collective bargaining agreements did not protect workers against that tax system, even those agreements which included a clause of wages regulation according to a moving prices scale.

The first collective bargaining agreement including the regulations on the moving prices scale was concluded in timber industry on June 19th 1920. That sort of clause became a general practice in the next few years. The significance of collective bargaining agreement was not limited, of course, to the introduction of the moving prices scale. Those agreements played also a very important role in the whole range of the economic relations between the proletariat and the bourgeoisie. Breaking and evading the provisions of the collective bargaining agreements was comparatively more difficult than such practices with agreements with individual workers. That is why the general adoption of collective bargaining agreements must be regarded as great success of the workers.

The fall of the real value of wages was not in the years 1922—23 equal in all the territories of Poland. As a result of a process of the unification of prices and thus also of the unification of the costs of living, the decrease of real purchasing value was more considerable in those regions where in 1921 prices had been lower. This was so in the former Prussian partition as compared with the former Russian partition. Similar trends could be noted in the former Austrian partition.

It must be pointed out that the state succeeded in alleviating in a considerable degree the effects of unemployment, but in the sphere of wages the results of government action were much more modest.

⁴⁰ A. Wóycicki, *Dzieje robotników przemysłowych w Polsce (The History of Industrial Workers in Poland)*. Warszawa 1929, p. 267.

The government did not succeed to maintain the rising trend of real wages dominating from November 1918 till the middle of 1921. In the subsequent months the material profits of the first years of independence were taken away from the employees to a considerable degree and at the end of 1923 the level of individual wages was approaching the starting point of 1918. The fall of real wages was not reflected in the prices of the goods, which were maintained in the country, when stable prices are considered, on a more or less similar level. Thus the decrease of prices could not enhance long-range improvement in economic conditions on the internal market. It worked in a just opposite direction. The decreasing wages caused a fall of the purchasing value and thus also shrinking of the home market.

The result of those policies was the outbreak of crisis in 1923. The increasing exports, resulting from the existence of the inflational bonus, could not counteract successfully against it. When the stabilization of the currency caused a halt in the exports in 1924, the increasing fall of wages since 1921 made a compensation of this loss by sales in the country impossible. Thus the policies of bringing the wages down reflected directly upon those who implemented them, upon the people of property who caused a decrease of their profits in subsequent years by trying to obtain maximum profits in the inflation years. This was not a specifically Polish situation or that of Polish possessing classes. It was how one of the classical contradictions of capitalism in the twenties found its reflection in Poland. It must be pointed out here that it was the strong inflation of 1922—23 that caused the pauperization of working classes. In the period of moderate inflation (1918—21) both real prices and general economic situation was improving. This must be firmly emphasized, because it is often erroneously thought that the deterioration of the material conditions of employees began in Poland together with the beginning of inflation, i.e. as early in 1918. And actually the initially moderate inflation played a positive role in the economy of the country, both from the point of view of the general economic development and from the point of view of the economic interest of workers and officials.

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